

OCI No. 2958/65

CENTRAL INTELLIGENCE AGENCY
Office of Current Intelligence
22 December 1965

INTELLIGENCE MEMORANDUM

The Situation in the Philippines

1. The tradition of friendship and cooperation between the Philippines and the United States is expected to continue under the administration of Ferdinand E. Marcos. Following his victory at the polls on 9 November, Marcos noted that "a real reservoir of good will" prevails in the Philippines toward the United States, and observed a few days afterward: "There's no problem between us that cannot be solved easily."

2. Philippine foreign policy has been closely attuned to that of the United States. The Philippine Government maintains no diplomatic or trade relations with any Communist country, and it has consistently supported the anti-Communist policies of the United States. The Macapagal administration refused to recognize Western-sponsored Malaysia, however, because of a Philippine claim to Sabah. Marcos has stated that he wants to "normalize" relations with Kuala Lumpur, and it is presumed that he will extend recognition to Malaysia shortly after his inauguration.

3. Philippine leaders have supported US policies in South Vietnam, but have provided only limited technical assistance and no combat personnel. President Macapagal and the legislature discussed the feasibility of sending 2,000 combat troops, and the House of Representatives approved the measure, but the decision was then deferred because of opposition in the Nacionalista-controlled Senate and increasing preoccupation with the election campaign. Under persistent questioning by an American journalist, President-elect Marcos said recently that he intends to recommend to Congress

and his own Nacionalista Party that this expeditionary force be dispatched. The US is now pressing the Philippine Government to implement these plans, while at the same time negotiating for the selection of Manila as one of several rest and rehabilitation (R & R) sites for its combat forces in Vietnam. Philippine leaders probably will accede to these requests, but not with the dispatch desired by the United States.

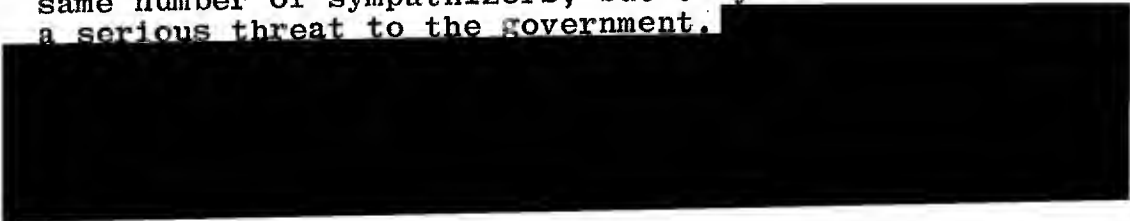
4. Without detailed elaboration, Marcos stated recently that he desires some "minor" changes in certain Philippine-US arrangements. These arrangements include the use of Subic Bay by large US vessels; "particularly atomic ships," Philippine-US economic and commercial relations, the status of US military bases and personnel in the Philippines and the operational use of the bases. These matters will be explored in more detail after the inauguration.

5. Despite generally close and equitable relations, critics of the US will continue to accentuate differences and foster popular opposition to the United States. Most of their propaganda is likely to focus, as in the past, on the economic and military relationships between the two countries. Other sources of misunderstanding which they will exploit with limited success are rising Philippine nationalism, which often is interpreted as anti-Americanism, the Philippine desire for closer identification with the emerging Afro-Asia nations, and sensitivity to any indications that Philippine interests are being subordinated to those of the United States. Notwithstanding the activities of the extremists and the presence of several sources of friction, Philippine-US relations are expected to remain fundamentally satisfactory because of the continued economic and military dependence of the Philippines upon the United States and the demonstrated willingness of both countries to negotiate and resolve outstanding differences.

6. Marcos' victory must be attributed chiefly to Macapagal's failure to initiate and implement badly need socio-economic reforms. The Land Reform Law of 1963, for example, has never really benefited the peasantry because of a lack of trained administrative personnel and finances, as well as the absence of

serious intent to implement it by the Macapagal administration. In the absence of these reforms, and the persistence of such problems as unemployment and underemployment, and smuggling and banditry, public discontent is likely to increase. In turn, this discontent will be exploited by the heretofore miniscule Communist and leftist elements in the country.

25X6 7. At present, there are no serious security threats in the Philippines. The Communist-led insurgent "Huks" (People's Liberation Army), having a hard-core total of 100-150 members and an active mass base of possibly 2,000 in Central Luzon, lack the capability to challenge the government by armed force. Instead, they stage isolated raids and force the government to maintain a substantial security force in Central Luzon. There are an estimated 1,500 Communists among the Chinese community in the Philippines with approximately the same number of sympathizers, but they do not constitute a serious threat to the government.



8. It is probable that Communist-leftist-ultra-nationalist elements will take advantage of the US delegation's arrival in Manila for the Philippine inaugural ceremonies to demonstrate against the United States and US policies. Nevertheless, they probably will be unable to mount a demonstration of impressive proportions. Earlier efforts to generate mass demonstrations, using as a pretext isolated incidents at US military bases in which trespassers were killed, were not notably successful. Some 800-1,000 persons did participate last June in a demonstration against Philippine aid to Vietnam and against US policies there, but it was generally quiet and orderly. Finally, those who would demonstrate against the United States under different circumstances might now decline on the ground that such action would compromise the dignity of the occasion and embarrass the incoming administration.

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9. Although heavily dependent upon the United States for training and equipment, the Philippine armed forces are capable of dealing with routine security threats. Total military personnel strength is distributed as follows: Army--14,000; Navy--5,400; Air Force--8,200; and Constabulary (fourth branch of the armed forces)--15,000. Under the Mutual Defense Treaty of 1951, the defense of the Philippines is the joint responsibility of the Philippine Government and the United States.

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INTELLIGENCE MEMORANDUM

THE SITUATION IN THE PHILIPPINES

DIRECTORATE OF INTELLIGENCE

Office of Current Intelligence

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SUBJECT The Situation in the Philippines

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SPECIAL DISSEM : See list attached GRAPHICS? _____

COORDINATION : STATINTL

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THE SITUATION IN THE PHILIPPINES

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